

A U S T I N C I T Y C O U N C I L

**AGENDA**

Monday, September 11, 2006

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**Budget**  
**RECOMMENDATION FOR COUNCIL ACTION**
**ITEM No. 8**

**Subject:** Approve a resolution declaring the City of Austin's official intent to reimburse itself from November 2000 Proposition 1 General Obligation bonds to be issued for expenditures in the amount of \$6,900,000 related to street improvements; to reimburse itself from Certificates of Obligation in the amount of \$2,500,000 for expenditures related to Veloway trail improvements; and to reimburse itself from Certificates of Obligation in the amount of \$4,500,000 for expenditures related to fire station construction. (This resolution is required Pursuant to Section 103 of the Internal Revenue Code, which protects the tax-exempt status of the referenced expenditures.)

**Amount and Source of Funding:** \$6,900,000 in General Obligation Public Improvement Bonds to be issued in August 2007 or later; \$7,000,000 in tax-supported General Obligation Certificates of Obligation to be issued in August 2007 or later.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

<p><b>Additional Backup Material</b>          (click to open)          No Attachments Available</p>
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**For More Information:** Vickie Schubert, Deputy Chief Financial Officer, 974-7822

A city must have budgeted for and provided a source of funds in order to enter into a contract. For the City to spend money today, but reimburse itself from the issuance of debt obligations in the future, a reimbursement resolution is required by state and federal law. The resolution must contain certain information and protects the tax-exempt status of the future issuance. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of tax-exempt obligations. Reimbursement bonds generally must be issued no later than 18 months after the later of, the date the expenditure was made, or the date that the project with respect to which the expenditure was made, is place in service. This action expresses the City Council's intent to authorize the reimbursement for costs associated with the 2006-2007 Approved Capital Budget items for General Obligation debt, as described below:

General Obligation Public Improvement Bonds: \$6,900,000 • 2000 Proposition One - \$6,900,000 for street improvements

Certificates of Obligation: \$7,000,000 • \$4,500,000 for capital expenditures for Avery Ranch Fire Station • \$2,500,000 for capital expenditures for Veloway trail improvements